

Message Text

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FOLLOWING TEL SENT ACTION SECSTATE INFO USUN NEW YORK FROM
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TAGS: UNIDO, AORG, PORG, OCON, ABUD

SUBJECT: THIRD SESSION OF THE INTERGOVERNMENTAL COMMITTEE ON
DRAFTING THE UNIDO CONSTITUTION

REF: (A) VIENNA 4453, (B) VIENNA 4254

1. SUMMARY. THIS MESSAGE FURTHER ADDRESSES ASPECTS OF THE
QUESTIOI OF WHETHER WE SHOULD CONTINUE TO INSIST TMB
DIRECT SUPPORT COSTS BE EXCLUDED FROM THE ASSESSED BUDGET
OF UNIDO AS A SPECIALIZED AGENCY END SUMMARY

2. SO FAR AS WE HAVE BEEN ABLE TO DETERMINE ON THE BASIS
OF DATA SUPPLIED BY THE SECRETARIAT THE SIZE OF THE PROBLEM
IN 1975 AMOUNTED TO SOMETHING OVER \$5 MILLION OUT OF A UNIDO
REGULAR BUDGET OF SLIGHTLY UNDER \$20 MILLION. THIS FIGURE
MAY, HOWEVER, BE AN UNDERSTATEMENT.

3. AS SUGGESTED IN PARA 4 REFTEL (A), MOST GROUP B COUNTRIES
PROBABLY WENT ALONG WITH THE EXPLICIT EXCLUSION OF DIRECT
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STAFF SUPPORT COSTS (OVERHEAD) IN ART. 10 BIS OF THE GROUP B

DIRECT FOR TACTICAL REASONS AND ARE INCLINED IN THE LAST ANALYSIS NOT TO INSIST ON A STRICTER APPROACH IN THIS RESPECT THAN HAS BEEN THE PRACTICE IN UNIDO UNDER THE PRESENT BUDGETARY REGIME. OUR VIEW IS THAT IF WE ARE TO ARGUE THE PRESENT POSITION WE CANNOT IN PRINCIPLE BE SEEN AS TREATING UNIDO DIFFERENTLY FROM OTHER (MAJOR) EXECUTING AGENCIES AND THAT WE MUST AT LEAST BE PREPARED TO SAY THAT WE INTEND TO TAKE A CONSISTENT APPROACH AS REGARDS THIS QUESTION, EVEN IF, AS A PRACTICAL MATTER, IT MAY NOT BE POSSIBLE TO MAKE OUR VIEW PREVAIL IN OTHER FORUMS WHERE THE PRACTICE OF ABSORBING A SIGNIFICANT PROPORTION OF OVERHEAD COSTS IN THE ASSESSED BUDGETS IS ALSO WELL ESTABLISHED. WE SHALL EVEN THEN BE OPEN TO THE CHARGE THAT DE FACTO, IF OUR POSITON WERE TO PREVAIL, WE WOULD BE SUBJECTING UNIDO TO DISCRIMINATORY TREATMENT.

4. WE MUST ALSO BE PREPARED TO ANSWER THE QUESTION HOW WE ENVISAGE THE FULL COST OF OVERHEAD BEING COVERED IN SUCH CASE. THE ALTERNATIVES WOULD APPEAR TO BE (A) FROM UNDP (IN 1975 UNDP WOULD HAVE HAD TO PAY UNIDO AN ADDITIONAL AMOUNT OF SOME \$4.5 MILLION), (B) FROM DIRECT VOLUNTARY CONTRIBUTIONS TO UNIDIO (PRESUMABLY FROM UNRESTRICTED, CONVERTIBLE CURRENCY DONATIONS). ONE CONSEQUENCE OF UNDP BEING LOOKED TO FOR THE WHOLE COST OF UNIDO OVERHEAD WHILE OTHER AGENCIES CONTINUED TO ABSORB A PART OF THE DIRECT COSTS OF IMPLEMENTATION MIGHT BE A TENDENCY BY UNDP TO ASSIGN ELSEWHERE PROJECTS THAT WOULD OTHERWISE HAVE BEEN ALLOCATED TO UNIDO. IF WE SUGGEST THAT UNIDO LOOK TO DIRECT VOLUNTARY CONTRIBUTIONS FOR THIS PURPOSE WE SHALL NO DOUBT BE ASKED WHETHER THE U.S. ALSO ENVISAGES MAKING CONTRIBUTIONS FOR THIS PURPOSE.

5. ANOTHER APPROACH WOULD BE TO DEAL WITH THE PROBLEM, NOT VIA THE PROVISIONS OF UNIDO'S CONSTITUTION, BUT VIA THE FORMULA TO BE APPLIED IN UNDP AND, AS A CONSEQUENCE, THE FORMULA TO APPLY IN RESPECT OF THE INDUSTRIAL DEVELOPMENT FUND (REF B, PARA 4).

6. USDEL WILL NEED DEPT'S CURRENT THINKING ON THIS PROBLEM FOR IGC-III. STIBRAVY UNQUOTE KISSINGER
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